



Connecticut Veterans

Chamber of Commerce

One Barnes Industrial Rd South
Wallingford CT 06492

203.679.7000

ctvetchamber@gmail.com

Written Testimony of Michael J. Zacchea

Connecticut Veterans Chamber of Commerce

In support of House Bill 5045, An Act Concerning
Revisions to the Small Business Express Program

March 1, 2016

Commerce Committee

The Connecticut Veterans Chamber of Commerce is a nonpartisan, nonprofit association that represents veteran-owned businesses and military veterans seeking to reintegrate into civilian life. The Chamber brings the veteran and civilian communities together to promote economic growth and development and reduce barriers to business and workforce entry.

House Bill 5045 would revise the Small Business Express (SBX) program, which provides financial assistance to small businesses using a streamlined application process, by eliminating two requirements to be eligible for assistance: that the business employ 100 employees or less on at least 50% of its working days during the preceding 12 months and have been registered to conduct business for at least one year. Additionally, the bill provides that the SBX program may include a fund established in collaboration with private sector lenders doing business in Connecticut to encourage lending and provide small businesses with access to capital. The capital would be used for acquisition or purchase of machinery and equipment, construction or leasehold improvements, relocation expenses, working capital or other business-related expenses.

The Chamber supports House Bill 5045, An Act Concerning Revisions to the Small Business Express Program, and respectfully requests that the committee approve the bill because it would lower barriers to access state economic development funds for deserving small businesses and help stimulate veteran-owned businesses and the state's economy.

Connecticut is home to approximately 220,000 veterans, 45% of whom are between the ages of 22 and 65. By 2021, approximately 1.25 million combat veterans will be leaving active service; approximately 1% of that number are expected return to our state. According to the 2012 U.S. Census Bureau Survey of Business Owners published in August 2015, Connecticut is home to more than 31,000 fully-owned Veteran-owned businesses, and more than 11,000 part-Veteran-owned businesses; of which, more than 12,000 are payroll employers, employing nearly 40,000 total employees.

Connecticut is developing a thriving hi-tech information and manufacturing entrepreneurial ecosystem. According to the Global Entrepreneurship Monitor 2015 Annual Report, an entrepreneurial ecosystem represents the combination of conditions that shape the context in which entrepreneurial activities take place. In the last several years, our state has taken the lead in veterans entrepreneurship, to include the UConn Entrepreneur Bootcamp for Veterans, which has produced more than 90 businesses, more than \$28 million in gross revenues, and more than 180 jobs; the CT Veterans Chamber of Commerce, which advocates on behalf of the state's veterans businesses; and advocated for several bills that help make Connecticut more veteran-friendly.

Since the Military Occupational Specialty Act was adopted in 2014, veteran unemployment in Connecticut has dropped by more than 50%. The Stolen Valor Act puts a hard stop to businesses fraudulently representing themselves as veteran-owned; and making military pensions 100% state-income tax exempt in 2015 was a significant competitive initiative in attracting and retaining second career military retirees. In short, our state in the last several years has taken several important steps to creating a vibrant, thriving hi-tech entrepreneurial ecosystem that is attractive to the current generation of combat veterans, some 3.2 million strong. Our vision is to make our state a peer leader among the states in creating solutions for veteran reintegration into our communities.

Access to capital remains the main barrier to total entrepreneurial activity, which includes start-up, scale, and expansion into new markets and new lines of business. It is important to note that as in the venture capital industry, not every investment will see a major return on investment, and some will fail. However, prudent capital investment and risk mitigation should realize significant returns for the state's taxpayers.

Small business activity is the lifeblood of the state's economy. Some 70% of consumption, and 70% of jobs, occur in the "small" business economy. The small business economy is middle class economics. In sum, our state is well-positioned to invest in business start-up and growth of a 21st century entrepreneurial ecosystem by expanding access to the small business express programs contemplated in House Bill 5045.

Please contact Andrew DiSilvestro Jr., Executive Vice President of the Connecticut Veterans Chamber of Commerce, for any questions or additional information, at (860) 874-5251.